

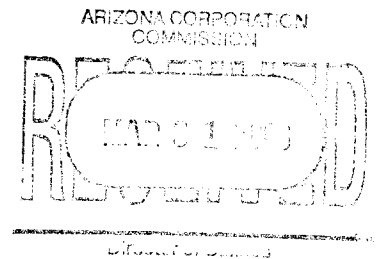
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

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W-02474A
Shangri-La ~~H-Resort~~ **RANCH**
44444 N. Shangri-La Ln.
New River AZ 850870000

ANNUAL REPORT



FOR YEAR ENDING

12	31	2002
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*Billard
3-31-03
L.M.*

FOR COMMISSION USE

<i>40204</i>	<i>02</i>
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COMPANY INFORMATION

Company Name (Business Name) <u>SHANGRI-LA RANCH</u>		
Mailing Address <u>44444 N. SHANGRI-LA LANE</u>		
<u>NEW RIVER</u> (City)	<u>AZ</u> (State)	<u>85087</u> (Zip)
<u>623-465-5959</u> Telephone No. (Include Area Code)	<u>623-465-5900</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address <u>HORST@SHANGRILARANCH.COM</u>		
Local Office Mailing Address <u>SAME AS ABOVE</u>		
 (City)	 (State)	 (Zip)
 Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>HORST KRAUS</u>			
 (Name)		 (Title)	
<u>SAME AS ABOVE</u>			
 (Street)	 (City)	 (State)	 (Zip)
 Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>HORST KRAUS</u>			
 (Name)			
<u>SAME AS ABOVE</u>			
 (Street)	 (City)	 (State)	 (Zip)
 Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: HORST KRAUS

(Name)

SAME AS ABOVE

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: NONE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input checked="" type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

SHANGAI-LA RANCH

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	N.A	0	0
302	Franchises	N.A	↑	↑
303	Land and Land Rights	NONE		
304	Structures and Improvements	N.A		
307	Wells and Springs	N.A		
311	Pumping Equipment	N.A		
320	Water Treatment Equipment	N.A		
330	Distribution Reservoirs and Standpipes	N.A		
331	Transmission and Distribution Mains	N.A		
333	Services	N.A		
334	Meters and Meter Installations	N.A		
335	Hydrants	N.A.		
336	Backflow Prevention Devices	N.A.		
339	Other Plant and Misc. Equipment	N.A.		
340	Office Furniture and Equipment	N.A		
341	Transportation Equipment	N.A		
343	Tools, Shop and Garage Equipment	N.A		
344	Laboratory Equipment	N.A		
345	Power Operated Equipment	N.A		
346	Communication Equipment	N.A		
347	Miscellaneous Equipment	N.A		
348	Other Tangible Plant	N.A	↓	↓
	TOTALS	0	0	0

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

SHANGRI-LA RANCH

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	N.A.		
302	Franchises	N.A.		
303	Land and Land Rights	N.A.		
304	Structures and Improvements	N.A.		
307	Wells and Springs	N.A.		
311	Pumping Equipment	N.A.		
320	Water Treatment Equipment	N.A.		
330	Distribution Reservoirs and Standpipes	N.A.		
331	Transmission and Distribution Mains	N.A.		
333	Services	N.A.		
334	Meters and Meter Installations	N.A.		
335	Hydrants	N.A.		
336	Backflow Prevention Devices	N.A.		
339	Other Plant and Misc. Equipment	N.A.		
340	Office Furniture and Equipment	N.A.		
341	Transportation Equipment	N.A.		
343	Tools, Shop and Garage Equipment	N.A.		
344	Laboratory Equipment	N.A.		
345	Power Operated Equipment	N.A.		
346	Communication Equipment	N.A.		
347	Miscellaneous Equipment	N.A.		
348	Other Tangible Plant	N.A.		
	TOTALS	N.A.		

This amount goes on Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME

SHANGRI-LA RANCH

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 0	\$ 0
134	Working Funds	↑	↑
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$	\$
	FIXED ASSETS		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$	\$
		↓	↓
	TOTAL ASSETS	\$ 0	\$ 0

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

SHANGRI-LA RANCH

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 0	\$ 0
232	Notes Payable (Current Portion)	↑	↑
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$	\$
	TOTAL LIABILITIES AND CAPITAL	\$ 0	\$ 0

COMPANY NAME

SHANGRI-LA RANCH

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 0	\$ 0
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$	\$
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$	\$
	OPERATING INCOME/(LOSS)	\$	\$
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ 0	\$ 0

COMPANY NAME

SHANGRI-LA RANCH

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$		\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

No Loans

Meter Deposit Balance at Test Year End

\$ _____

Meter Deposits Refunded During the Test Year

\$ _____

COMPANY NAME

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-800 892	1/2	6	UNK.	6	3/4	?
55-800 893	1 1/2	12	UNK.	5-4	3/4	?
55-800 894	3	13	UNK	6	3/4	?
55-800 895	1/2	6	UNK	6	3/4	?
55-582 847	1 1/2	15	400	5	3/4	2001

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1	0	0
1	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	80 GAL	4
15,000	1		

COMPANY NAME SHANGRI-LA RANCH

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	} NONE LARGER THAN 1 1/2"	
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	} NONE
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	}
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

1 CHLORINATOR
1 FILTER

STRUCTURES:

N.A

OTHER:

NONE

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	N.A	0	297
FEBRUARY		0	326
MARCH		0	288
APRIL		0	354
MAY		0	373
JUNE		0	315
JULY		0	319
AUGUST		0	364
SEPTEMBER		0	339
OCTOBER		0	249
NOVEMBER		0	239
DECEMBER	NA	0	291
TOTAL		N/A	3797

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(✓) Yes () No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (✓) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. N.A. mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME SHANGRI-LA RANCH YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ N.A

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. ALL PROPERTY USED TO PUMP WATER IS INCORPORATED IN THE PROPERTY OF SHANGRI-LA RANCH AND PAID TO MARICOPA COUNTY. SEE ENCLOSED COPIES OF CHECKS.

SHANGRI-LA RANCH IS A PRIVATE MEMBERSHIP CLUB. ALL WATER PUMPED BY SHANGRI-LA RANCH IS CONSUMED BY SHANGRI-LA RANCH. NO WATER IS SOLD.

COMPANY NAME

SHANGRI-LA RANCH

YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported

NONE

Estimated or Actual Federal Tax Liability

NONE

State Taxable Income Reported

NONE

Estimated or Actual State Tax Liability

NONE

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances

NA

Amount of Gross-Up Tax Collected

NA

Total Grossed-Up Contributions/Advances

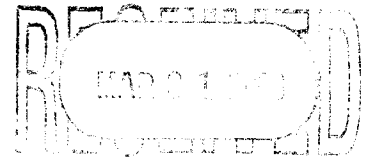
NA

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION*NOT APPLICABLE!*

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE3-27-03
DATEHORST KRAUS
PRINTED NAMEPRESIDENT KRAUS INVESTMENTS L.C.
TITLE



**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	MARICOPA
NAME (OWNER OR OFFICIAL) TITLE	HORST KRAUS, PRESIDENT
COMPANY NAME	SHANGRI-LA RANCH

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ NONE

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ - 0 -
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

Twentyseventh

DAY OF

COUNTY NAME	Maricopa	
MONTH	March	2003

SIGNATURE OF OWNER OR OFFICIAL

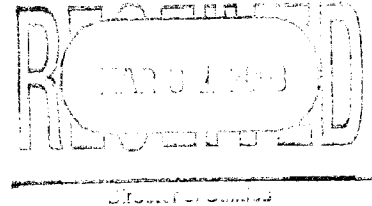
623-465-5959

TELEPHONE NUMBER

Ghela Kraus
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 6/1/2005

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

**VERIFICATION**

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) <u>MARICOPA</u>	
NAME (OWNER OR OFFICIAL) <u>HORST KRAUS</u>	TITLE <u>PRESIDENT</u>
COMPANY NAME <u>SHANGRI-LA RANCH</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>-0-</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Horst Kraus
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

27th

DAY OF

NOTARY PUBLIC NAME <u>Gisela Kraus</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>March</u>	YEAR <u>2003</u>

"OFFICIAL SEAL"
Gisela Kraus
Notary Public-Arizona
Maricopa County
My Commission Expires 4/7/2005
MY COMMISSION EXPIRES

4/7/2005

X *Gisela Kraus*
SIGNATURE OF NOTARY PUBLIC